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Department of the Interior  
Minerals Management Service  
Mail Stop 4700  
381 Elden Street  
Herndon, Virginia 20170-4817

Attention: Mr. John V. Mirabella, Chief-Engineering and Standards Branch

RE: Proposed Regulations on G&G Exploration (30 CFR 251)

Dear Mr. Mirabella:

Vastar Resources, Inc. (Vastar) appreciates the opportunity to provide the following comments to the Minerals Management Service (MMS) in response to its February 11, 1997 notice of proposed rulemaking to revise regulations concerning Geological and Geophysical (G&G) Explorations of the Outer Continental Shelf (OCS) (30 CFR 251). We also appreciate the MMS's efforts to communicate in public meetings on this proposal and the decision of the MMS to extend the deadline for comments in order to ensure that the proposal is adequately evaluated and that all parties are given ample opportunity to respond.

Vastar has worked with the Independent Petroleum Association of America (IPAA) and with the International Association of Geophysical Contractors (IAGC) on the development of their respective comments on this proposed rulemaking. Vastar concurs with the comments submitted by these two trade associations and endorses them by reference.

Vastar's principal concern with the proposal, and one that we expressed at the July 10 MMS public meeting, is the significant additional burdens this rule would place on exploration and production (E&P) companies like Vastar to report additional G&G data and information to the MMS. Under the proposed rule, E&P companies

which are licensees of G&G data would be included in the definition of "third party." This change in definition coupled with the other proposed changes would subject E&P companies to substantial new regulatory requirements. We are particularly concerned by proposed increases in the notification obligations related to the receipt and submission of G&G data and information at paragraph 251.11 and 251.12. E&P companies would be required to notify the MMS on an ongoing basis that they had acquired data or that they in some way had processed, interpreted, or reprocessed the data. Further, they would be required to make the data and information available for inspection and submit it to MMS upon request. While we would all like access to more data and information, we urge the MMS to consider the cost of obtaining and reporting the data to MMS and to refrain from finalizing regulations that would increase our reporting burdens substantially.

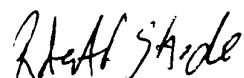
About two years ago, the MMS and industry successfully negotiated "Trial Procedures for Access to Certain Geophysical Data in the Gulf of Mexico" to govern the submission of G&G data to the MMS by E&P companies. Under these procedures, bidders at OCS lease sales must disclose to the MMS the G&G data it possesses on any lease for which it submits a bid. Subsequently, prospective lessees must submit the data to MMS upon request. We believe these procedures are adequate and should continue in their current form. MMS expressed at its July 10 meeting that these procedures were not working well and that the revisions in the proposed rule were designed to correct their shortcomings. We were surprised to learn that MMS held a conviction that the "Trial Procedures" were a problem. Vastar believes the industry would welcome an opportunity to address any shortcomings of the "Trial Procedures," but it holds firmly to the position that the proposed regulations go beyond correcting the "Trial Procedures" by expanding greatly the amount of data and information that the MMS could demand from the E&P industry. In sum, Vastar would support addressing issues regarding the "Trial Procedures," but strongly opposes the imposition of new burdensome requirements that would expand reporting requirements.

Two issues raised at the July 10 meeting deeply concern Vastar. First, MMS informed the participants that it had not done a regulatory analysis or made even an informal estimate of how much it would cost the E&P industry to comply with the proposed revisions to 30 CFR 251. Given the open-ended nature of the proposed rule and the substantial increases in data requests that the new rule would almost certainly lead to, we believe it is essential that MMS evaluate its impact on the E&P industry, i.e., MMS's customers. Furthermore, we urge MMS to conduct a cost/benefit analysis of the proposal to properly assess the costs and associated benefits of any changes. Vastar was pleased to hear MMS's commitment at the July 10 meeting that it would perform an analysis prior to creating new reporting requirements on the industry.

Our second concern, raised at the July 10 meeting, is that the MMS is not able to give us any estimate of how much more data it expects to ask the industry to submit. Today, under the "Trial Procedures," we provide the agency with a considerable amount of information. At the July 10 meeting, the MMS stated that it needed more G&G data and information for a variety of purposes, e.g., lease bid adequacy, unitization issues, and royalty relief evaluations. When asked, however, how much more data and information was needed, the MMS had no clear idea on how much more would be requested--only that "more" was needed. Vastar urges the MMS, as part of the regulatory evaluation of this rule, to quantify how much more data may be needed and then subject this perceived need to a cost/benefit evaluation.

At the July 10 meeting, MMS indicated that it was inclined to finalize only the portion of the proposed regulation where there was a growing consensus with industry, that is, the operational and procedural aspects of 30 CFR 251 that applied largely to the geophysical contracting industry. MMS also indicated that it would not proceed to final rulemaking on the portions that would subject licensees to broad, new data submission requirements. Vastar strongly encourages the MMS to proceed in this manner as doing so will result in a more reasonably structured regulation.

Again, thank you for the opportunity to work with you on these proposed regulations.



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